“How South African SMEs could escape ‘the heavyweight knockouts’!”

AUTHORS	Solly Matshonisa Seeletse Mantepu Tshepo MaseTshaba

ARTICLE INFO	Solly Matshonisa Seeletse and Mantepu Tshepo MaseTshaba (2016). How South African SMEs could escape ‘the heavyweight knockouts’!. *Public and Municipal Finance*, *5*(2), 40-47. doi:10.21511/pmf.5(2).2016.04
DOI	http://dx.doi.org/10.21511/pmf.5(2).2016.04
RELEASED ON	Tuesday, 06 December 2016
JOURNAL	"Public and Municipal Finance"
FOUNDER	LLC “Consulting Publishing Company “Business Perspectives”

NUMBER OF REFERENCES **0**

NUMBER OF FIGURES **0**

NUMBER OF TABLES **0**

© The author(s) 2026. This publication is an open access article.

Solly Matshonisa Seeletse (South Africa), Mantepu Tshepo MaseTshaba (South Africa)

How South African SMEs could escape 'the heavyweight knockouts'!

Abstract

Small and medium enterprises (SMEs), which, over the years, were in charge of supplying goods to rural areas and townships, are fast losing markets to large business. Modern customers want value-for-money through high-quality products at low prices, greater convenience, and a wide range of choices. Large enterprises are capable of meeting these demands. Hence, they have a competitive advantage over the SMEs. In addition, large corporations can deliver the convenience of one-stop-shopping. This paper exposes SMEs options useful for offseting the might of large business. It highlights the available routes for strength creation. One option is to step aside temporarily while running the SMEs, but preparing fully for future competition. Another option is to fill the gaps left by large companies while preparing to contest face-to-face. Recommendations are that SMEs should exploit available empowerment opportunities and, then, use methods of advantage to work in the presence of large businesses. SMEs can delay direct competition until the time is right.

Keywords: competition, empowerment, large enterprises, SEDA, SMEs.
JEL Classification: D41, D51, D83.

Introduction

Before 1994 in South Africa, rural and township businesses were mostly locally-owned small and medium enterprises (SMEs). After the dawn of democracy though, there has been exponential multiplication of large and small businesses. Among the large ones, multinational enterprises (MNEs) and franchises of all forms mushroom all over, mainly in the shopping malls. In residential areas, there has been emergence of more SMEs, some that are locally owned and others that are foreign owned. The villages/rural locations and townships were unfamiliar scenes for MNEs. These explosive growths were expected to improve the economic and social outlook of South Africa. A common observation, however, is that in every part of South Africa, foreign-owned and MNEs are heavily threatening the existence of locally-owned SMEs.

1. Literature review

1.1. Competition and other threats of locally-owned SMEs. Competition is a business aspect globally (Porter, 2008). The locally-owned SMEs face a threat of competition from foreign-owned SMEs, large MNEs and other mass merchandisers. Other threats originate from the fluctuating demographics of consumers, and the unstable consumer purchasing patterns. These coerce locally-owned SMEs to review their business operations. These SMEs are urged to modify their business strategies and models. Modern consumers use shopping malls, because they want shopping value, choices, convenient shopping locations, extended business hours, the convenience of one-stop shopping, a problem-free shopping environment, and a friendly personal touch in a clean, fun place to shop (Seeletse, 2015). These trading variations have increased the options accessible to the typical consumer at the expense of the SMEs, particularly the locally-owned ones. Indications are that business will never be the same. Before these changes, there were many opportunities for local SMEs in modern economy.

Strategic options in locally-owned SMEs are used in the modern shopping phenomenon due to the entrance of foreign-owned SMEs, MNEs and franchises, among other competitors. Maesela, Hungwe and Seeletse (2016) showed that foreign-owned SMEs have challenged locally-owned ones. In some cases, they displace locally-owned ones from their markets. The paper addresses the research support for each strategy, and discusses how locally-owned SMEs could react.

1.2. Large and multinational enterprises. The overall impact of MNEs, large franchise retailers and foreign-owned SMEs, among other arriving competitors, on locally-owned traditional SMEs has yet to be fully explored and evaluated. The literature on the MNEs and franchises phenomenon focuses sizeably on the negative impacts of mass merchandisers and discounters on local retailers and the local economy (Haig, 2011; Whitley, 2002). Secondly, there is substantial consideration from research and the media (Tomiura, 2007). The presence of newcomers such as large discounters and foreign-owned SMEs disturbs the traditional retailing patterns, especially of the locally-owned SMEs (Freel, 2006). This emerging competition of large retailers intensifies the overall competitiveness of the local retail marketplace, and also displays a pull-factor by attracting consumers from surrounding communities (Peterson & McGee, 2000). The paper also explores the reactions of locally-owned SMEs to the entry of

© Solly Matshonisa Seeletse, Mantepu Tshepo MaseTshaba, 2016.
Solly Matshonisa Seeletse, Professor and Head of the Department of Statistics & Operations Research, Sefako Makgatho Health Sciences University, Gauteng Province, South Africa.
Mantepu Tshepo MaseTshaba, Lecturer in Mathematics, PhD candidate, Department of Statistics & Operations Research, Sefako Makgatho Health Sciences University, Gauteng Province, South Africa.

the various competitors into their markets. This stream examined the strategies and typical competencies of SMEs, as they reacted to variations in their markets. The focus of this paper is on this latter stream of research.

The new competition has forged the development of discounters into local markets. Through a mixture of forceful pricing and innovative inventory-control systems, franchises and MNEs have displaced competition to their favor. They have succeeded as giant buyers by negotiating the best wholesale prices, while offering customers the lowest prices and making up the differences in volume (Tsao, 2002, 2003). On the other hand, traditional SMEs struggle to compete at large levels of economies of scale and scope. Consequently, according to Peterson and McGee (2000), many independent SMEs, when faced with the entry of ruthless competitors, are forced to adjust hurriedly in order to avoid guaranteed bankruptcy.

1.3. Business management success factors. Taylor and Archer (1994) outlined eight success factors of successful discounters.

1. Customers want value. According to this factor, consumers have created a greater demand for low-cost, high quality products such that the price paid suits and justifies the product quality features.
2. Customers love choices. Modern consumers avoid buying the first item they encounter. Instead, they shop around and search for the best alternative, as they expect greater choices in their shopping experiences.
3. Customers love anything new. Most customers flock to where they heard of new shopping complexes, because they appreciate new stores, renovations, and historical renewal projects.
4. Customers love convenient locations. Customers all over the world are adopting a busy, fast-paced lifestyle. As a result, convenient shopping locations with accessible parking are in great demand.
5. Many customers prefer long open-for-business hours. Shopping has become a hobby and many customers do not have the luxury to do shopping during normal hours. Consequently, extended business hours have often turned into the customer's mind as customer service. Competition has become tougher, as mass merchandisers open for exceedingly long daily, and the 24/7 practice of operations are being adopted.
6. Customers want the convenience of one-stop shopping. The fast-paced lifestyles of careered individuals and professionals mainly place a high importance on time and these are the customers with guaranteed buying power.
7. Customers are generally sensitive. Most customers do not want to be annoyed, do not like to argue, and will even walk away instead of complaining. This hassle is one of the most common provoking to customer, which bothers small businesses, but most big businesses have either alleviated it or have professional approaches to address it when it occurs.
8. Customers prefer a friendly personal touch in a clean, fun place to shop. They appreciate a personal touch.

The traditional SMEs wishing to improve any of these factors are thus, bound to increase their competitiveness before they can have a better chance to survive. Some of the crucial factors are expensive and cannot suit SMEs. Hence, the SMEs cannot compete with big business using most of Taylor and Archer's guidelines. SMEs have a definite advantage with regard to factor 8. Factor 8 is much more common for SME employees to remember customers and to possess extensive product knowledge. They sometimes even know their timetable for buying certain items and even reserve these items for them.

1.4. Business strategy options. Porter (2008) counsels that organizations could pursue at least one generic business level strategy, such as either low cost leadership or differentiation. The low-cost leadership strategy transforms into a business attempt to become the low cost producer/provider in a market or industry. Common supermarkets' operations are aligned to providing the customer requiring low prices. These new competitors are generally succeeding on providing low prices and one-stop shopping. However, they give up some factors offered by local SMEs. These are the high degree of personal attention, and store environment and the reality of credit due to being neighborly, among others.

1.4.1. Economies of scale and cost controls. Cost leaders such as MNEs and franchise practice economies of scale and cost controls to realize low prices. This strategy requires a high relative market share and aggressive pricing. A low cost strategy is feasible by adopting competitive behaviors. Rubach and McGee (2002) enlighten that such behaviors could include inventory control methods, efficient transportation systems, and purchasing practices, among others. Some details of these include quantity discounts, efficient staffing, use of new technologies (such as point-of-sales technologies and computers), and efficient use of floor space. The lowcost leadership strategy is mainly practised by mass merchandisers.

1.4.2. Differentiation. Differentiation strategy is branded by companies that endeavor to develop a unique product or service (Da Silva Diaz, 2009).

According to Brennan and Lundsten (2000), this strategy could be based on a perception of image, or exclusivity due to high quality or unique products or superior customer service. Differentiation, ultimately, aims to create brand loyalty and price inelasticity. Often, companies adopt a differentiation strategy in order to mould their business models toward a specific market segment, often engaging in specialty shops. Differentiation strategies enable companies to increase value in the minds of their customers using methods such as the availability of exclusive brands, engorged customer service, or an exceptional shopping experience.

1.4.3. Lack of strategy. Lack of clearly defined strategy of competition with external environment makes the company analogous with the competitor (Rubach & McGee, 2002). This can be harmful to a company's performance. Companies should design strategies, then, focus on and pursue that strategy in a designated target market in order to prosper.

1.4.4. Alternatives for SME competition. SMEs have available options to compete with difficult companies. They could follow a niche strategy of differentiation focusing on providing superior customer service, and carrying of merchandise that is difficult to find. They should ensure that employees develop extensively, know the product/service and have adequate customer service training. SMEs should not attempt to compete based only on low prices. According to Billesbach and Walker (2003), large competitors are strong in solid purchasing economies of scale that inhibit SMEs from adopting a competitive strategy of low cost leadership.

1.5. SMEs tactical approach. SMEs should approach their business methods differently from the discounters and mass merchandisers in many of the factors they apply, especially where monetary investments are involved (Morris & Gerlich, 1995). The only suitable strategy identified as befitting the SMEs is a pledge to provide superior customer service (Cox & Gresham, 1997). Several authors (Goedhuys & Sleuwaegen, 2000; Inyang, 2002; Hudson, Smart & Bourne, 2001; Man, Lau & Chan, 2002) attest that most companies that emphasize on customer importance become successful, which was a result derived empirically. Another finding by Morris and Gerlich (1995) is that differentiation strategies provide an advantage that lead to business success, particularly where the differentiation is based on customer needs. SMEs should not use price differentiation to compete with big companies. Rather, they should differentiate their businesses on the basis of service.

1.6. Unique selling point for SMEs. SMEs' unique advantage in the service area is that they can build personal relationships with customers. Large business cannot focus on individual customers. Moreover, the small size of many SMEs allows more attention to be given to each individual customer. As was typical with this stream of research, the authors often provided laundry lists of best practices. For example, Taylor and Archer (1994), based upon their experience with over 1000 small businesses, recommended fifteen ways for small businesses to provide superior customer service.

2. Finding an effective strategy for SMEs

2.1. Starting point. A common and sensible approach to determine SME success from the 'AS-IS' state (i.e., prevalent problem) to reach a 'TO-BE' target (desired state) is research. Many studies (e.g., Dzanzi & Pretorius, 2009; Ladzani, 2010; Ladzani & Netswera, 2009; Ligthelm & Cant, 2003; Mbonyane, 2006; Medema, 2007; Visser et al., 2005) have been done in South Africa on SMEs, and have found common problems. These common problems are the main reasons for SME failure in South Africa, which is the AS-IS actuality. The AS-IS collective show that failing SMEs' lack training in business skills and knowledge. This deficiency confines the SME owners and their employees to follow same methods and provide the same products in the same way all the time. They cannot find something surprising, exciting, or delighting to their customers. As a result, they cannot form loyalty for their customers. These owners tend to lack an understanding of customer service.

Many SMEs are not reliable as when they miss promises, they do not even realize the level of inconvenience it may cause, and the time they waste for customers. Also, when they deal, they do not monitor their work, which prevents tracking of their progress. Where the SMEs have employees, most of the employees do not know about promoting a business or a product. The owners and managers also fail to keep the employees informed. The SME owners want to do things themselves even when they can delegate, mainly because often they feel superior when they are visible. Due to the workload, many of SME owners are inaccessible, inefficient and lack resourcefulness for their SMEs, among others. The general summary is that these SMEs fail, because they are incapable, and can become successful if they can become capable.

In addition, the SMEs do not want to spend, because they consider spending as waste. They also believe that SMEs avoid paying tax, investing, accounting truthfully, and would rather prefer to obtain donations. This mentality is also a cause for failure to invest on development of their SMEs. The South African SME AS-IS situation is explained by the

descriptions of SME limitations above, and the TO-BE is the opposite of these factors. In order to show how the envisaged TO-BE can be effected, the next discussion explains the platforms for the changes.

2.2. South Africa SME options. This paper focuses on South African SMEs that are legally registered and intending to contribute to community development and the economy. These formal structures and options can elevate SMEs to escape from the described AS-IS situation in order to reach the envisaged levels. South Africa has the Small Enterprise Development Agency (SEDA), which is an agency for developing SMEs with regard to any problem or developmental aspect of business (SEDA, 2015). They nurture and also fund the SMEs until they can be able to offset their weaknesses. SEDA also has high impact programmes (HIPs) which are used to develop any form of SMEs.

SEDA development services encourage employment in SMEs. The programmes can be easily accessed for struggling SMEs that formally apply, disclosing their needs and also pledging to employ community members. SEDA evaluates each submitted application, and, then, places deserving and qualifying SMEs under relevant programes. Participating SMEs have shown to excel, but the application rate is low among struggling SMEs.

2.3. Proposal for SMEs. South African SMEs requiring support from SEDA are urged to make the word applications to be considered for relevant programmes. The struggling SMEs should have a clear model of being developed towards the TO-BE vision. The proposed model for this paper follows in section 3 below.

2.4. South African SME failure statistics. Statistics of SME failures highlight the extent of the SME sustainability difficulties. The failure of new and existing South African businesses is a prominent topic. The Small Enterprise Development Agency (SEDA, 2014/15), a subsidiary of The Department of Trade and Industry, states that South Africa is among the countries with the highest failure rates of new SMEs in the world, of nearly 75%. The South African Trade Minister, Rob Davies, at a press conference in May 2013, states that five out of seven (71.4%) new SMEs started in South Africa fail within the first year. Adcorp Analytics (2012) states that the growth of local SMEs has decayed between 2003 and 2012, despite the economic growth experienced between 2004 and 2006. The Global Entrepreneurship Monitor's Annual Survey on Global Entrepreneurship (Bosma, 2013) estimated that South Africa's SMEs were about 5.6 million, accounting for almost 12 million jobs. Thus failure of each one cripples the economy.

2.5. Prominent causes of failure of South African SMEs. The high South African SME failure rate suggests that something is profoundly wrong. SME success depends on hard work, commitment, dedication, and continuous learning. These do not guarantee success, but increases the probability of a sustainable business enterprise. The South African Entrepreneurship Magazine (2015) argues that local entrepreneurs' primary focus is on initial success with little attention paid to establishing a solid skill set and foundation of knowledge in the form of a business plan and cash flow management. Leading causes of failure of South African SMEs, according to FinWeek (2014) and the South African Entrepreneurship Magazine (2015), are:

- Lack of basic skills and establishing an SME for wrong reasons.
- Lack of adequate market.
- Lack of or inadequate business plan.
- Lack of financial literacy and poor money/financial management.
- Inability to secure funding.

3. Developing a winning model for South African SMEs

3.1. SME self-preparation. The SMEs envisaging the TO-BE of this paper should develop company structures that explain the formality of the desired state. They should acquire respectable employees. A policy should be to train the employees. It should also pledge to treat the employees with respect, because well-treated employees become motivated to perform well. The SMEs can plan to provide employees with adequate health insurance and other benefits.

SMEs should pledge quality in their operations. They should also plan to constantly monitor their performances. They can ensure customer service quality by conducting customer service audits. Also, communication and awareness should be integrated in the SME operations. The employees should be kept informed, and always be made aware of SME developments.

Skilful and respectable employees can surprise, excite and delight customers. Trained and experienced employees could be allowed to go out of their way to help a customer to build customer loyalty. Also, customer service can be made every employee's job when trained.

Once these have occurred, then, the SMEs could apply to SEDA for training of its managers and its employees. When placed on programmes, the SMEs should take time off from the SME operations to complete the training and only return to the SMEs when advised by their SEDA guides.

3.2. SME "TO-BE" practices. These are the envisaged practices anticipated for a skilled SME management. After completing empowerment programs, SMEs should approach the business differently, and be viewed as such by the customers. They should be reliable, and should keep their promises. They are advised to make promises only when they can deliver on the promises, but are more advised to promise minimally while delivering more than customer expectations.

The SMEs are also encouraged to be pragmatic, and humble. They should express regret when wrong, and also explain the planned corrective action. They should also acknowledge their limitations where they fall short. They should interact by learning customer names. Using names to call customers can create relationships of trust.

The SME owners should be able to thank employees and customers. Owners and employees should be polite, friendly, and welcoming. If the role players are made to feel valued, they can contribute to justify that evaluation.

The SMEs should be efficient in their operations. They should also value the time of their customers. Signs of SME growth appear when employees play a greater role. Thus, when they have been trained, employees should be given some authority to solve problems. Owners need to delegate some tasks, and also to train employees to participate at responsible levels. It is also important for owner managers to be accessible. In the case of South African laws, as Schall and McFarland-Whisman (2009) advise, SME owners are urged also to equip their SMEs with facilities where possible, to allow easy entry of people with various forms of disabilities.

Lastly, in competing against big business, SMEs could still compete on business aspects, where they cannot match big business, such as price. Approaches could be negotiating with suppliers on prices over a long term period, or partner with other SMEs, where immediate bulk purchases are the only option to secure reduction of prices. However, they should strive to get the same quality as the large businesses. Also, the SMEs have the advantage of closeness to the markets in their locations/localities. SMEs can, therefore, market themselves on transport price exclusions, and can even make free deliveries to the customers. Given the crime realities of South Africa, these SMEs should still ensure that investing on security may be a requirement when such initiatives are made. Where there are alternatives, SMEs should be assertive in rendering their existence beneficial to competition and to their effectiveness.

4. Some statistical facts about South African SMEs

The section establishes if the various SMEs apply financial aids equally in the locations. The nine South African provinces were divided into five SME geographical locations with East being the KwaZulu-Natal Province denoted by E, South (S) comprised of Eastern Cape and Western Cape Provinces; West (W) comprised of North-West and Northern Cape Provinces; North (N) were Limpopo and Mpumalanga Provinces and Centre (C) were Free State and Gauteng Provinces. SEDA (2015) provided the data, and data collection took place though an electronically distributed questionnaire to generate the table below.

Table 1. Geographical and financial aids distribution of SMEs

	E	S	W	N	C
subsidy	197880	593640	7321555	5540636	6530035
loan	395760	1583039	4353357	6727915	3166078
both	197880	197880	1187279	2968198	2374558
none	1780919	3759717	1583039	5144876	395760

The tests are used to determine if locations have equal SMEs, if uses of financial aids were common in locations and whether use of the aids depended on the location of the SME. All the tests were conducted at the 5% level of significance.

Table 2. ANOVA: Comparing terrestrial distribution

Source of variation	SS	df	MS	F	P-value	F crit
Between groups	4.913E+13	4	1.228E+13	3.0363	0.0509	3.0556
Within groups	6.068E+13	15	4.046E+12			
Total	**1.098E+14**	**19**				

This analysis of variance (ANOVA) determines if the geographical distribution was the same for all the geographical areas. The critical value for the test is F_{crit} = 3.0556. The test statistic is F = 3.0363, which is outside the critical region. This indicates that at the 5% significance level, there is no statistical evidence to suggest that the SMEs are distributed differently across the defined regions.

Table 3. ANOVA: Comparing financial aids usage distribution

Source of variation	SS	Df	MS	F	P-value	F crit
Between groups	1.9E+13	3	6.338E+13	1.1161	0.3718	3.2389
Within groups	9.08E+13	16	5.68E+12			
Total	**1.1E+14**	**19**				

This ANOVA determines if the financial aids were used equally. The critical value for the test is $F_{crit} = 3.2389$. The test statistic is $F = 1.1161$, which is outside the critical region. This is an indication that at the 5% significance level there is not enough statistical evidence to suggest that the SMEs used financial aids differently.

The next test determines if use of financial aids is dependent on geographical dispersion. Let o_{ij} be the observed frequencies (Table 1) and e_{ij} the expected frequencies of the SMEs based on the null hypothesis. Curwin and Slater (2002) provide the general chi-square statistic to be used in this test as

$$\chi^2 = \sum_{i=1}^{k} \frac{(o_{ij} - e_{ij})^2}{e_{ij}}.$$

Table 4. Geographical and financial aids distribution of SMEs (e_{ij})

	E	S	W	N	C
subsidy	927168.85	2210940.5	5206408.1	7346027.5	4493201.4
loan	745371.04	1777422.8	4185543.8	5905630.1	3612181.6
both	318146.16	758656.04	1786512.5	2520695.7	1541784.7
none	581752.99	1387256.8	3266765.8	4609272.1	2819263.6

Calculation of chi-square statistic gives $\chi^2 = 15077320.6$. The degrees of freedom (d.f.) for this contingency table is (rows–1)(columns–1) = (3)(4) = 12. At the 5% level of significance, the critical value is 21.03. Since the test statistic exceeds the critical region, the null hypothesis of independence should be rejected. Thus, at the 5% level of significance, there is enough statistical evidence that usage of financial aids by the SMEs depends on the SMEs' geographical location.

5. Discussion

This paper supports the SEDA option for SME to solicit help. However, the arguments suggest that SMEs that do not have the vision to contribute to the economy should not be assisted. If assisted, such efforts would be close to wasting resources needed for communal programs. In the case where SMEs apply without such a vision though, instead of being refused help, they can be assisted to share the vision. Only when they are ready, then, they should be assisted through SEDA or similar programs.

The proposition to suspend struggling SME operations when engaging with SEDA is to reduce risks of a further decline due to swayed focus, unless a SEDA guide proposes to use the SME in the training. The SMEs and their personnel should acquire every necessary business skill and knowledge they may need in business before they operate. If they can insist on working, it may be the skill they have not acquired that is essential when they enquire challenges.

Also, the SMEs should be made fully aware of the problems listed as causes of failure of SMEs. They should be encouraged to be innovative and being on the lookout for more risks in their businesses. Their skills should be used in a joint effort to alleviate and mitigate the challenges. This is one reason for communication and awareness of employees about their SMEs.

SMEs have great potential for economic development. Then, nurturing SMEs is an essential and dynamic milestone in economic development. SEDA was established by government to fill a gap in the vision of enabling SMEs to contribute to economic development as global trends attest. The SMEs are being encouraged to use government resources as much as possible to grow, mature and, thrive, and thereafter, pay back to the country's economy.

6. Recommendations

SMEs should not bluntly shy away from the threat of competition from large companies. They should assess their strengths and weaknesses. They need to commit to a competitive strategy that focuses on SME-specific competencies. Sometimes, the SMEs can benefit by delaying to compete against the large companies. If delaying can be beneficial to SMEs and/or communities, this should be highly considered. When it becomes necessary to contest, the paper recommends that SMEs should:

- decide whether it is necessary to contest directly against large businesses or to fill a gap remaining;
- embark on empowerment initiatives to ensure that they understand business and management;
- focus on augmenting their strengths and reducing their weaknesses in business;
- use acquired skills to withstand the might of large business if necessary;
- employ differentiation strategies available when competing;
- exploit available empowerment opportunities such as SEDA services; and

- the SMEs should be empowered to use financial (and other business) aids in all locations.

Conclusion

SMEs should not evade the threat or might of competition from large companies. They have their own strengths. Hence, they should assess their strengths and weaknesses and use them to strategize. They need to commit to a competitive strategy that focuses on SME-specific competencies. SMEs could use differentiation by following strengths such as customer service and superior product knowledge. Differentiation provides a means for SMEs to compete with large business. SMEs should, therefore, provide value-added differentiation to customers in the form of higher-quality goods at competitive prices. SMEs can also find innovative ways to compete with large companies on price. They have globally managed to grow fastest among businesses, such as in America and China. Those SMEs were successful in challenging large businesses on their ability to offer lower prices and offering greater convenience. These are large businesses' core competencies which gave them competitive advantage, but SMEs exploited them and won.

Therefore, for SMEs to rise and compete with large businesses, they should adapt to a fast-changing business environment by providing high-quality products at low prices, greater convenience, and a wide mix of goods. Modern locally-owned SMEs are coming to grips with the demands of their external environment.

References

1. Billesbach, T.J. & Walker, J. (2003). Stalking Goliath: What successful small businesses are doing against major discount chains, *Journal of Business and Entrepreneurship*, 15 (2), pp. 1-17.
2. Bosma, N. (2013). The Global Entrepreneurship Monitor and its impact on entrepreneurship research, *Foundations and Trends® in Entrepreneurship*, 9 (2), pp. 143-248.
3. Brennan, D.P. & Lundsten, L. (2000). Impacts of large discount stores on small U.S. towns: Reasons for shopping and retailer strategies, *International Journal of Retail and Distribution Management*, 28 (4/5), pp. 155-161.
4. Cox, M.Z. & Gresham, A.B. (2000). *The role of customer service in small business strategic planning*. Available at: http://www.usasbe.org/conferences/1997/Proceedings/papers/p209cox.pdf (accessed 7 March, 2006).
5. Curwin, J. & Slater, R. (2002). *Quantitative methods for business decisions*, 5th edition. London: Thomson Learning.
6. Da Silva Diaz, A.G. (2009). Collective bargaining and global capital strategies in Brazil, *International Journal of Labour Research*, 12 (2), pp. 207-220.
7. Dzansi, D.Y., Pretorius, M. (2009). Addressing and measuring small business social responsibility in the African context: a stakeholder framework, *Soc. Res. J.*, 5 (2), pp. 245-256.
8. Entrepreneurship Magazine. (2015). Why SA businesses have a high failure rate, *Your Business Magazine*, 8th October 2014 in Management.
9. FinWeek. (2014). Failure of businesses in South Africa is no joke! JTB Consulting.
10. Freel, M. (2006). Patterns of technological innovation in knowledge-intensive business services, *Industry and Innovation*, 13 (3), pp. 335-358.
11. Goedhuys, M. & Sleuwaegen, L. (2000). Entrepreneurship and growth of entrepreneurial firms in Coted'Ivoire', *The Journal of Development Studies*, 36 (3), pp. 123-145.
12. Haig, M. (2011). Brand failures: the truth about the 100 biggest branding mistakes of all time. London: Kogan Page Publishers.
13. Hudson, M., Smart, A. and Bourne, M. (2001). Theory and Practice in SME performance measurement systems, *International Journal of Operations and Production Management*, 21 (8), pp. 1096-1115.
14. Hyatt, J. (2004). Beat the beast: Here's how five small retailers are competing against firms many times their size. Fortune: September 1.
15. Inyang, B.J. (2002) Productivity Improvement techniques in small-scale enterprises, *International Journal of Social Science and Public Policy*, 5 (2), pp. 51-62.
16. Ladzani, W. & Netswera, G. (2009). Support for rural small businesses in Limpopo Province, South Africa, *Development Southern Africa Journal*, 26 (2), pp. 225-239.
17. Ladzani, M.W. (2010). Historical perspective of small business development initiatives in South Africa with special reference to Limpopo province, *South African J. Higher Edu*., 19 (1), pp. 167-183.
18. Ligthelm, A.A. & Cant, M.C. (2003). Small business problems in Gauteng: priorities for entrepreneurial education, *Southern African Business Review*, 7 (1), pp. 41-53.
19. Maesela, P.S., Hungwe, T. & Seeletse, S.M. (2016). Mysteries of success for small and medium enterprise businesses in Ga-Rankuwa Township of Pretoria in Gauteng Province, South Africa, *Environmental Economics*, 7 (1), pp. 47-52.
20. Man, T.W.Y., Lau, T. & Chan, K.F. (2002). The competitiveness of small and medium enterprises: A conceptualization with focus on entrepreneurial competencies, *Journal of Business Venturing*, 17, pp. 123-142.
21. Mbonyane, B.L. (2006). *An exploration of factors that lead to failure of small businesses in the Kagiso Township*. Unpublished mini-dissertation, Master Technologiae Business Administration, University of South Africa.
22. Medema, S.G. (2007). The hesitant hand: Mill, Sidgwick, and the evolution of the theory of market failure, *History Pol. Eco.*, 39 (3), pp. 331-358.

23. Morris, T.J. & Gerlich, R.N. (1995). Effect of Wal-Mart supercenters on local market food retailing: Survival strategies for the small grocer, *Journal of Business and Entrepreneurship*, 7 (1), pp. 31-44.
24. Peterson, M. & McGee, J. (2000). Survivors of "W-day": An assessment of the impact of Wal-Mart's invasion of small town retailing communities, *International Journal of Retail & Distribution Management*, 28 (4/5), pp. 170-180.
25. Rubach, M.J. & McGee, J. (2002). The competitive behaviors of small retailers: Examining the strategies of local merchants in rural America, *Journal of Small Business Strategy*, 12 (2), pp. 1-18.
26. Porter, M.E. (2008). *On competition, updated and expanded edition*. Boston: Harvard Business School Press.
27. Schall, C. & McFarland-Whisman, J. (2009). Meeting transition goals through inclusion. In: P. Wehman, Datlow-Smith, M. & Schall, C. (eds.). *Autism and the transition to adulthood: Success beyond the classroom*. Sydney, Australia: Paul H. Brookes, pp. 95-110.
28. SEDA, (2014). Annual Review 2013/14, SEDA Technology Programme. Pretoria: Small Enterprise Development Agency.
29. SEDA, (2015). Supplier Development Programme: Implementation process of SEDA network. Pretoria: Small Enterprise Development Agency.
30. Seeletse, S.M. (2015). Cross border shopping into South Africa: Practices in eight SADC countries. *Environmental Economics*, 6 (4), pp. 180-191.
31. Taylor, D. & Archer, J. (1994). *Up against the Wal-Marts: How your business can prosper in the shadow of the retail giants*. New York: Amacom.
32. Tomiura, E. (2007). Effects of R&D and networking on the export decision of Japanese firms, *Research Policy*, 36 (5), pp. 758-767.
33. Tsao, A. (2002). Will Wal-Mart take over the world? Business Week. November 27.
34. Tsao, A. (2003). Rising value for dollar stores. Business Week, July 7.
35. Visser, D.J., Coning, T.J. & Smit, E.M. (2005). The relationship between the characteristics of the transformational leader and the entrepreneur in South African SMEs, *South Afr. J. Bus. Manage.*, 36 (3), pp. 51-63.
36. Whitley, R. (2002). Developing innovative competences: the role of institutional frameworks, *Industrial and Corporate Change*, 11 (3), pp. 497-528.